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Patrick X Disney 07/11/2006 12:48:16 AM From DB/Inbox: Patrick X  
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UNCLAS MUSCAT 01084

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UNCLAS SECTION 01 OF 02 MUSCAT 001084

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STATE FOR NEA/ARP (S. STEINGER), DRL (J. DEMARIA)  
STATE PASS USTR FOR J. BUNTIN, A. ROSENBERG, AND L. KARESH  
DOL FOR J. SHEA, B. SHEPARD, AND J. RUDE  
US MISSION GENEVA FOR LABOR ATTACHE

E.O. 12958: N/A  
TAGS: [ELAB](#) [ETRD](#) [PGOV](#) [PHUM](#) [MU](#)  
SUBJECT: OMAN FULFILLS FTA LABOR PROMISE TO CONGRESS THREE  
MONTHS EARLY

REF: MUSCAT 793

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Summary  
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1. In a surprise, Sultan Qaboos issued a royal decree July 7 that fulfills, three months early, the important labor reforms to which Commerce Minister Maqbool Sultan committed the Sultanate in his March 26 letter to the House Ways and Means Committee Chairman. Minister Sultan told the Ambassador that the Sultan took the decision to issue the decree now in recognition of the "urgency" of completing the necessary reforms and demonstrating Oman's determination to meet its obligations and ensure quick approval of the FTA in Congress. The right to strike, collective bargaining, protections for labor activity and elimination of government interference are now the law of the Sultanate. These labor reforms fulfill a major demand of congressional FTA opponents and further raise Omani expectations of positive action in the House before Congress' summer recess. End summary.

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Promise Fulfilled  
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2. In a historic move to meet labor reform commitments for passage of the US-Oman Free Trade Agreement (FTA), Sultan Qaboos bin Said issued Royal Decree 74/2006 on July 7. The

royal decree was published in the Official Gazette July 8 and provides for the following:

- unequivocally prohibits forced or coercive labor;
- canonizes collective bargaining and peaceful striking as lawful mechanisms to settle labor disputes, improve conditions of work or raise productivity;
- prescribes penalties for employer violations of worker rights;
- removes all previous government interference in the committees (now called "unions"); and
- provides stiff penalties for anti-union discrimination.

The royal decree comes months ahead of the October 31 deadline Commerce Minister Maqbool Sultan made in his March 26 letter to House Ways and Means Committee Chairman Thomas. Royal decrees are the highest law of the land and solidify Oman's compliance with all of its International Labor Organization (ILO) commitments.

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#### Sultan's Decision Made to Ensure Quick Passage of FTA

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13. Reached in Australia on business and vacation, Commerce Minister Sultan told the Ambassador that the Sultan had decided to act quickly on the promised labor reforms "exactly" because of Oman's desire to secure quick approval of the FTA in Congress. The Minister said that the royal decree should demonstrate Oman's commitment to meeting "all the promises made to the Congress" regarding labor. He confirmed that implementation guidelines in draft by the Ministry of Manpower (MOM) are well advanced and will be completed well before the October 31 deadline. Minister Maqbool emphasized to the Ambassador that the Sultan views congressional approval of the FTA to be of "utmost urgency." The expedited royal decree, the Minister assured, should also demonstrate that Oman "keeps its promises." The Minister indicated that Oman's ambassador to the United States will shortly deliver letters referencing the Sultan's action to United States Trade Representative (USTR) Schwab and to the Congress.

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#### Forced Labor, Right to Strike and Collective Bargaining

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14. The royal decree provides an addition to Article 3 of the 2003 Labor Law, prohibiting employers from imposing "any type of forced or coercive labor." Anyone found to be in violation of Article 3 will be penalized with a prison term not exceeding one month and a fine not exceeding \$1315, or either of the two penalties. The penalty will be doubled for repeat offenses. Article 118 prescribes penalties of \$1315 (multiplied by the number of juveniles or women being employed in violation) to anyone who violates Part Five of the labor law (Employment of Women and Children). If an offense is committed a second time within one year from the date of sentencing, the employer may be imprisoned up to one month. (Note: These measures are in addition to Article 260 of the Penal Code, which already stipulates 5-15 years in prison for putting persons under conditions of "enslavement or quasi-slavery status." End note.)

15. Also added to the Labor Law is the new Article 107, which explicitly legalizes collective bargaining and peaceful striking as appropriate mechanisms to settle labor disputes, improve conditions of work or raise productivity.

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#### Union Organization

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16. Representation committees (RC) are now called "unions." Article 108 of the Labor Law has been amended by this decree to read, "Laborers may form labor unions aimed at serving their interests, defending their rights, improving their material and social conditions, and representing them in all

matters of their concern." Moreover, all government interference in unions has been rescinded. Article 110 has been amended to reflect the autonomous nature of unions and their guaranteed right to practice their activities in "full freedom and without interference in or influence of their affairs in any way."

¶17. An addition to Article 110 prohibits both termination of an employee for his or her union activities and obstruction of union formation. Penalties for violation of Article 110 may include one month imprisonment and a fine of not more than \$1315.

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Implementing Regulations  
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¶18. According to the Under Secretary for Labor, Sayyid Hamad Hilal al-Busaidi, the royal decree had been ready for some time before the July 7 announcement, but had not yet been vetted by all the concerned officials. The Under Secretary also confirmed to PolOff on July 10 that the Ministry of Manpower (MOM) is trying to issue the implementing ministerial decrees "as quickly as possible" and has taken ILO suggestions into consideration. Al-Busaidi said that the Omani government hopes this decree will show Congress that it has faithfully followed through on its commitments, and that the FTA will be ratified soon.

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Editorial Points to FTA Promise  
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¶19. The lead editorial in the July 10 edition of government-owned Arabic daily newspaper "Oman" trumpeted the royal decree as a "significant labor achievement." It stated in part that, "These amendments conform with the latest developments in today's globalized world, and also conform with the requirements of the Free Trade Agreement which is due to be signed (sic) with the U.S. during the coming period after the ratification of the U.S. Congress. (They) are also consistent with WTO law."

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Comment  
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¶10. These sweeping reforms come well ahead of the October 31 deadline and affirm Oman's commitment to meeting its compliance with core international labor standards. Although implementing regulations will be required from the Ministry of Manpower for collective bargaining and striking procedures, royal decrees are the highest law of the land and ensure Oman's compliance with its congressional commitments. News regarding these significant reforms was carried in all national media and will likely continue to reverberate throughout the country as companies and workers begin to grasp the significance of the new changes. Initial feedback from union representatives, as well as the resident diplomatic community, has been extremely positive. The FTA process has been directly responsible for this important leap forward in democratic and labor rights in Oman.  
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